

////////// *Health for all, Hunger for none*



# Debt Investor Information

Status: FY 2023

As of 15<sup>th</sup> March 2024



# Cautionary Statements Regarding Forward-Looking Information

This presentation may contain forward-looking statements based on current assumptions and forecasts made by Bayer management.

Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer's public reports which are available on the Bayer website at

<http://www.bayer.com/>

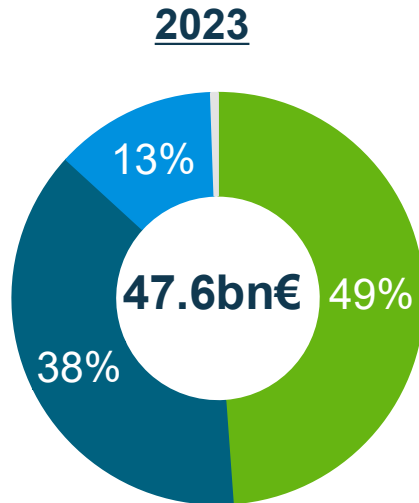


The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.



# Bayer: A Global Leader in Health & Nutrition

Net Sales as rep



## Crop Science

- #1 in Seed & Traits with Leading Crop Protection Portfolio
- >200 bn€ exp. Global Ag Input Market & Related Adjacencies by 2030



## Pharmaceuticals

- Strong market positions in key therapeutic areas / resilient base
- Rebuilding R&D with technology platforms and improved productivity



## Consumer Health

- Iconic brands with leading market positions
- 3-5% CAGR CH Global Market<sup>1</sup>

**Well Positioned in Growing Markets**

to address

**Major Societal Needs and Ecological Challenges**

with the

**Power of Innovation.**



***Health for All, Hunger for None.***

<sup>1</sup> Outlook, internal market model in-market sales OTC medicines, data from IQVIA, Nicholas Hall



# With Our Business We can Make Unique and Relevant Contributions

## OUR MISSION and VISIONS



*Produce 50% More.  
Restore Nature.  
Scale Regenerative Ag.*

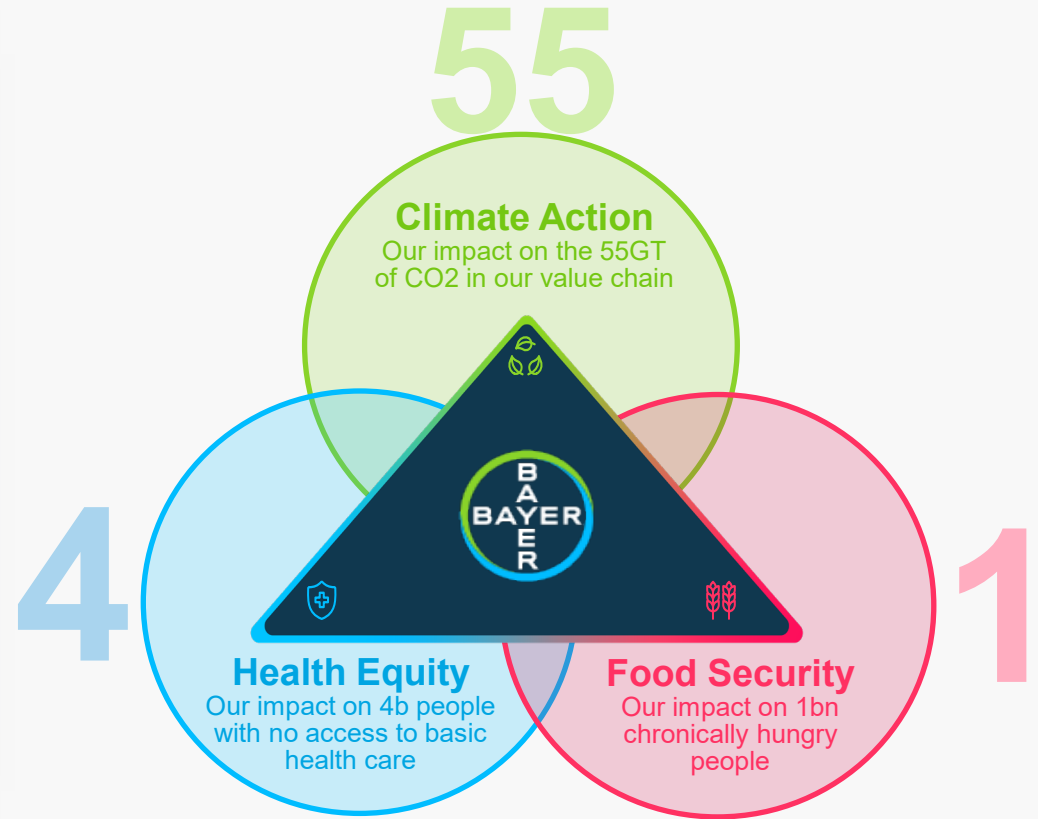


*Treat the Untreatable.  
Cure Disease.  
Offer Hope.*



*Help over 1bn People to  
Live Healthier Lives with most  
Trusted Self-Care Solutions.*

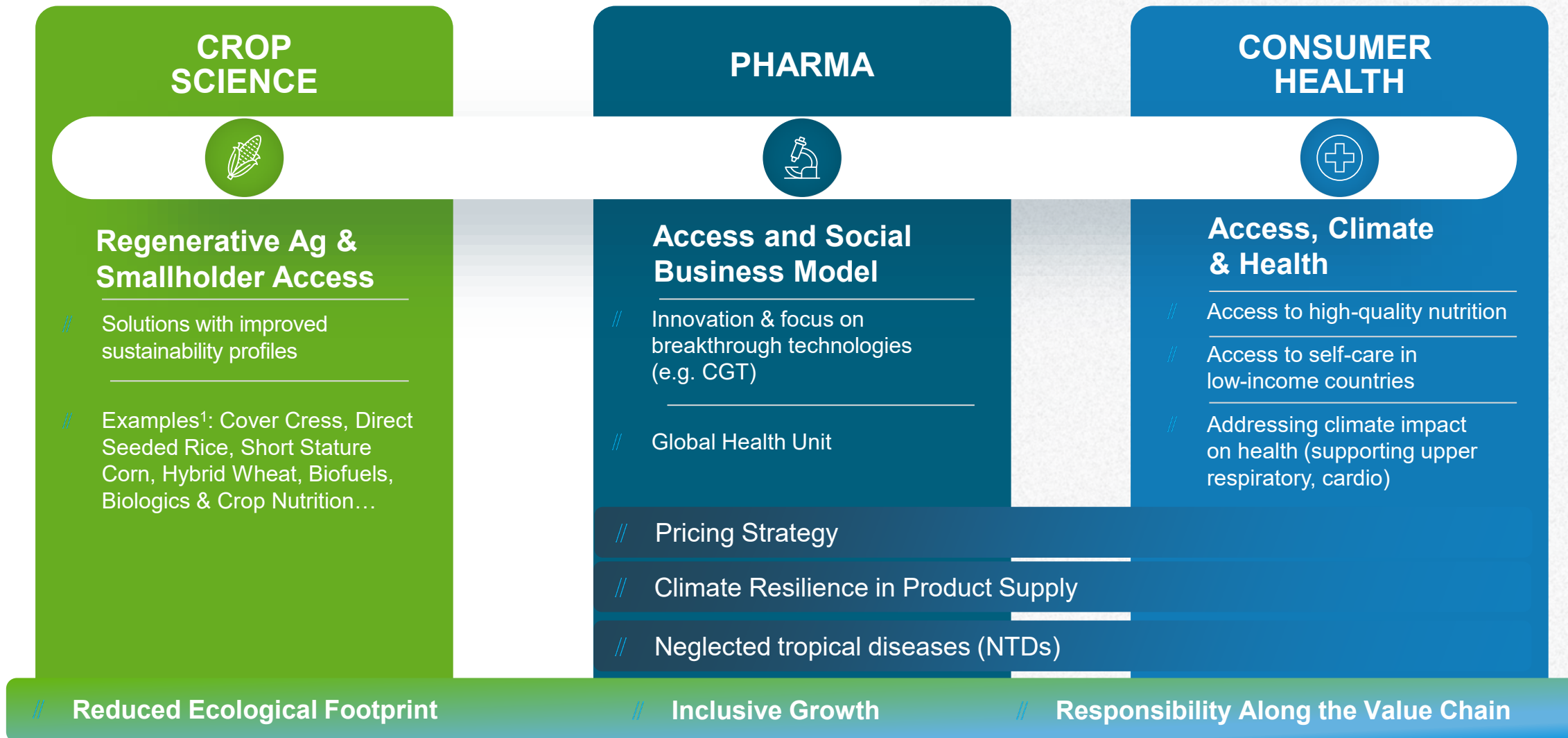
## OUR SYSTEMIC RELEVANCE





# Sustainability is and will be an Important Value Driver for Bayer

Sustainability-related value creation along access, adaptation, and mitigation







# We have Ambitious Measurable Targets for Sustainable Development

Our 2030 Targets positively contribute to today's pressing challenges

Detailed descriptions can be found here: <https://www.bayer.com/en/sustainability/targets>

## Help more PEOPLE thrive



Support **100m smallholder farmers** in LMICs<sup>1</sup>



Fulfill the need of **100m women** in LMICs<sup>1</sup> for **modern contraception**



Support **100m people** in underserved<sup>2</sup> communities with **self care**



Achieve **gender balance** at all managerial levels

**PH:** Increase **availability** and **affordability** of our innovative pharma products in LMICs<sup>1</sup>

## Decrease ECOLOGICAL footprint



- > 42% reduction target<sup>3</sup> for Scope 1 & 2
- > 12.3% reduction target<sup>3,4</sup> for relevant Scope 3 categories



**Net Zero emission target by 2050 or earlier** (Scope 1, 2 & 3)<sup>5</sup> incl. our entire value chain



**Water strategy** addressing our own operations and up-/downstream activities

**CS:** **-30% on-field greenhouse gas emissions** in key agricultural crops in main regions;  
**-30% environmental impact** of our crop protection products  
**CH:** Transition all Consumer Health products to **100% recycle-ready packaging**



<sup>1</sup> LMIC: low and middle income countries - all countries included in the World Bank list as per 1 July 2019

<sup>2</sup> Underserved: economically or medically

<sup>3</sup> By 2029 from a 2019 base year

<sup>4</sup> An increased reduction target of 25% is currently being reviewed by SBTi.

<sup>5</sup> The target has been submitted to the SBTi and is currently being evaluated.



# FY 2023: Achieved Revised Outlook

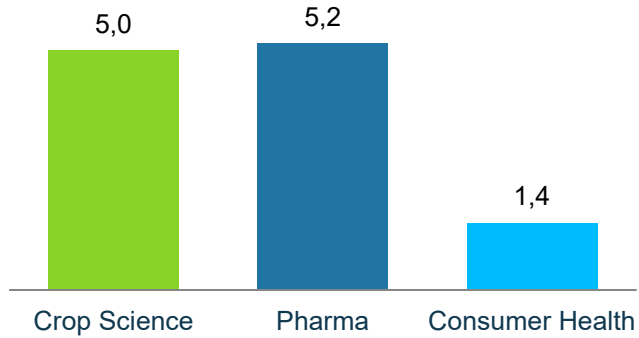
in €bn	<b>FY 2023 Outlook</b> <i>incl. FX impact</i>	<b>FY 2023 Actuals</b> <i>as reported</i>	
<b>Net Sales</b>	<b>46.8 - 47.8</b>	<b>47.6</b>	
<b>EBITDA</b> (before special items)	<b>11.1 - 11.6</b>	<b>11.7</b>	
<b>Core EPS</b> (in €)	<b>6.20 - 6.40</b>	<b>6.39</b>	
<b>Free Cash Flow<sup>1</sup></b>	<b>~ 0</b>	<b>1.3</b>	
<b>Net Fin. Debt</b>	<b>~ 36</b>	<b>34.5</b>	

<sup>1</sup>Litigation related net payouts (settlements, judgements, reimbursements from insurances) amounting to -2.1 bn€.

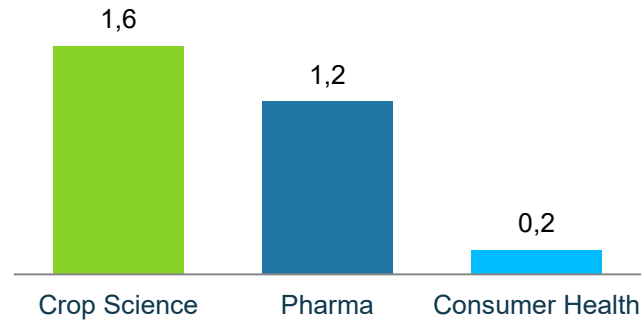


# Bayer Key Financials

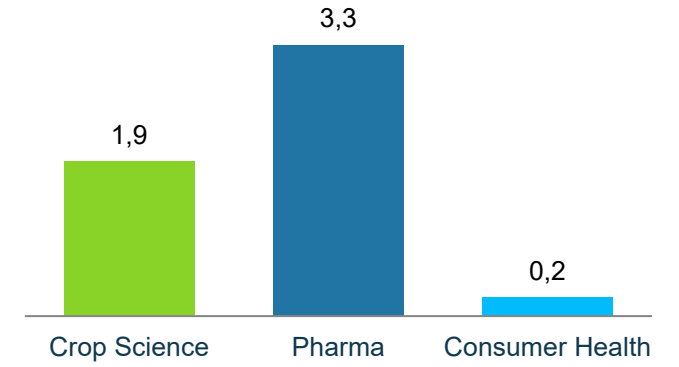
### 2023 EBITDA before Special Items in €bn



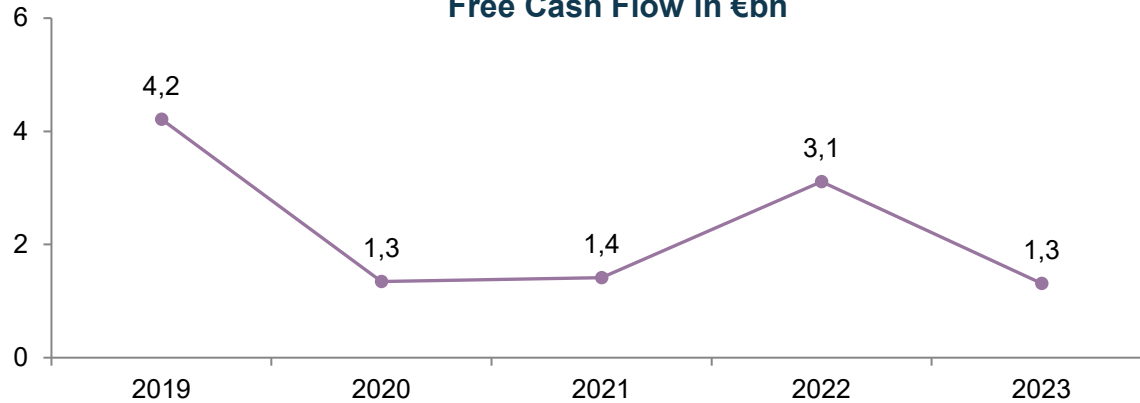
### Capital Expenditures 2023 in €bn



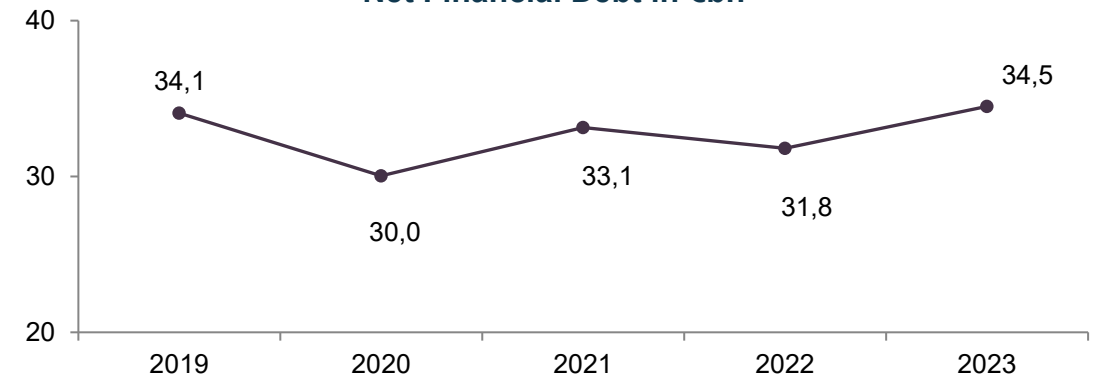
### Research & Development Expenses 2023 in €bn



### Free Cash Flow in €bn



### Net Financial Debt in €bn







# Outlook 2024: Improved Free Cash Flow Despite Lower Profitability

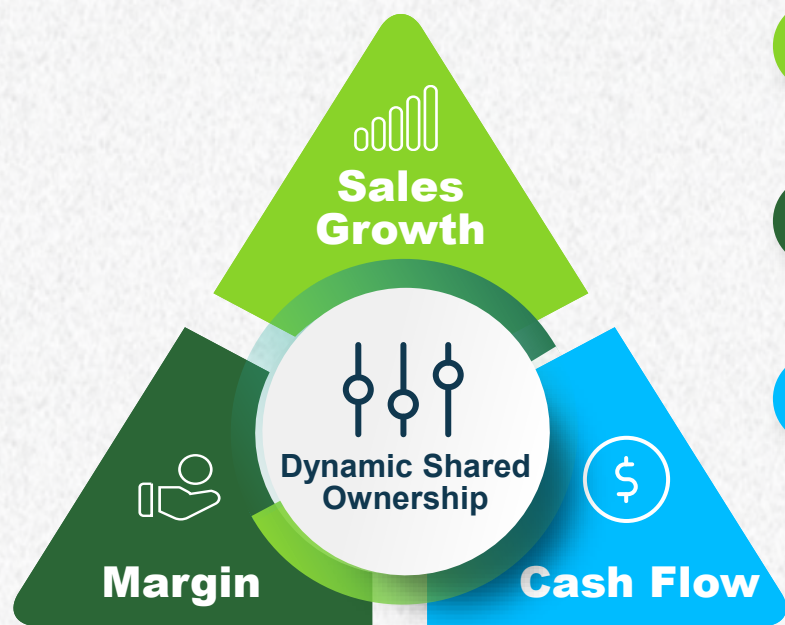
<i>in €bn</i>	<b>2023</b> <i>as reported</i>	<b>2024</b> <i>at constant FX<sup>1</sup></i>	<b>2024</b> <i>estimated FX impact<sup>2</sup></i>
<b>Net Sales</b>	47.6	-1% to +3%	-2% to -3%pts
<b>EBITDA</b> (before special items)	11.7	-9% to -3%	~-3%pts
<b>Core EPS</b> (in €)	6.39	5.10 to 5.50	-0.10 to -0.20
<b>Free Cash Flow</b>	1.3	2.0 to 3.0	not material
<b>Net Financial Debt</b>	34.5	32.5 to 33.5	not material

<sup>1</sup>Reflects our 2024 guidance at the average actual currencies for 2023; <sup>2</sup>Estimated FX impact: Currency assumptions based on month-end December 2023 spot rates (1 EUR=) 1.11 USD, 5.36 BRL, 7.87 CNY. Impact is calculated as difference to constant currencies.



# We Accelerate Cash Generation and Manage Adverse Impacts

## Driving Operational Performance and Strengthen Cash Flow



**Growth**



Drive **profitable growth** beyond Xarelto LoE



**Margin**



**Focused spend** and realization of **savings**



**Balance Sheet Efficiency**



**Working Capital Optimization**  
**Focused CAPEX spend**

**Divestment Proceeds**



**Prudent asset review** below divisional level

**Adverse Effects**



**Litigation related Payouts:** Settlements and defense

**Severance Payouts:** Cash outs for DSO related personnel reductions



# Our New Operating Model Yields Several Advantages

## Sustainable Cost **EFFICIENCIES**

- // **Elimination of roles, processes and activities** not focused on our mission
- // **Reduction of management layers**

### *Early financial implications*

**€ 2 bn in sustainable organizational savings by end of 2026**

## **GROWTH** through Customer Centricity

- // Self-managed customer- and product teams with much **greater autonomy**
- // **Faster response** to customer needs



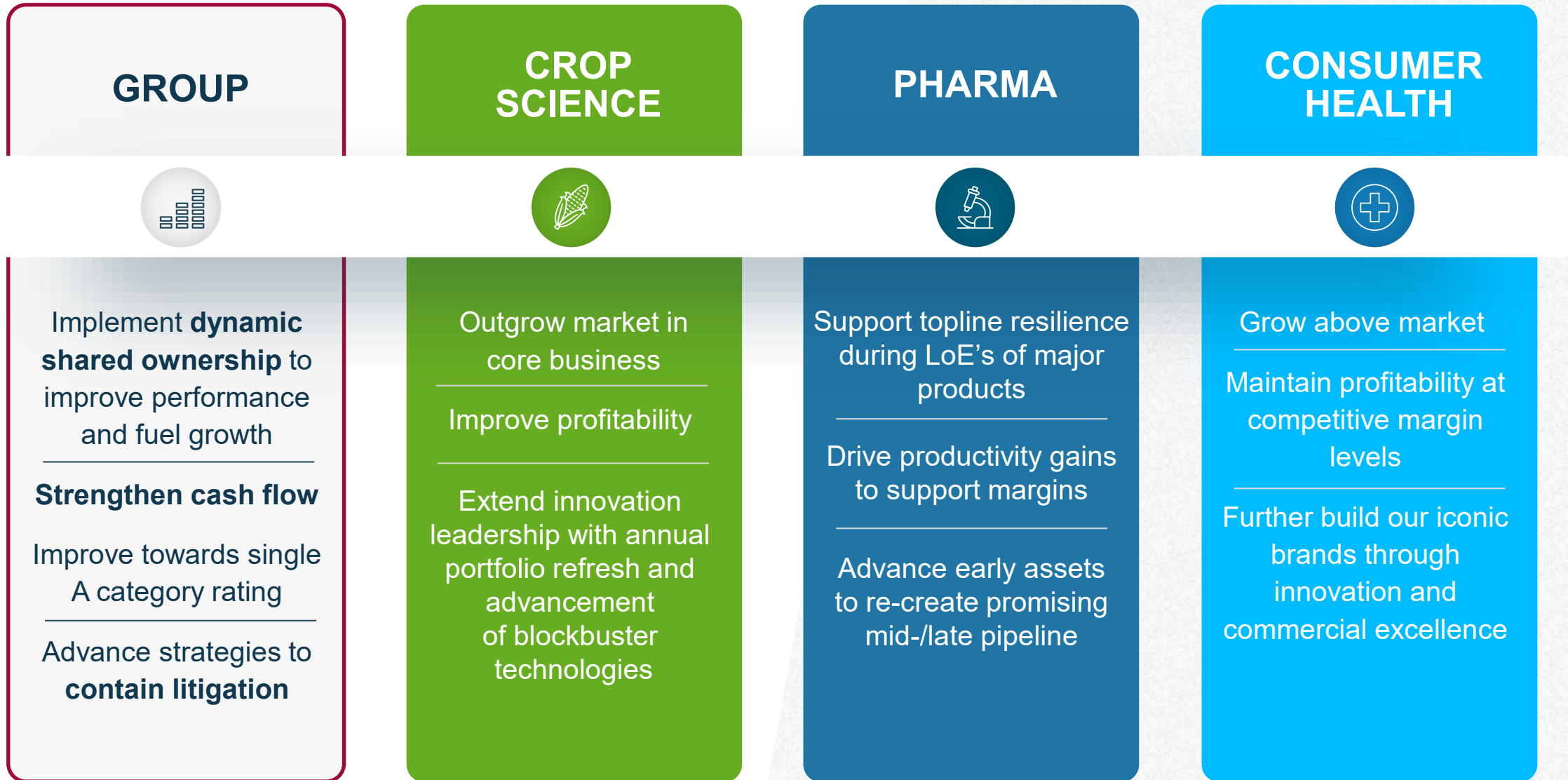
## **GROWTH** through Innovation Speed

- // **Increased speed to market** due to **shorter innovation cycles** and faster decision-making in self-direction
- // More **dynamic resource flow** to highest-impact priorities





# Through 2026: Enhance Performance and Regain Flexibility





# We Prioritize our Capital Allocation to Achieve a Step Down in Debt

## Organic Investments

*(before Free Cash Flow)*

- Ongoing and New Launches
- Focused R&D Investments
- Focused CAPEX Spend (incl. BD&L<sup>1</sup>)

## Cash Generation

→ **FREE CASH FLOW**

Limited Divestments

## Cash Usage

Minimum Dividend

→ **DEBT REDUCTION**

Improve Towards Single A  
Category Rating

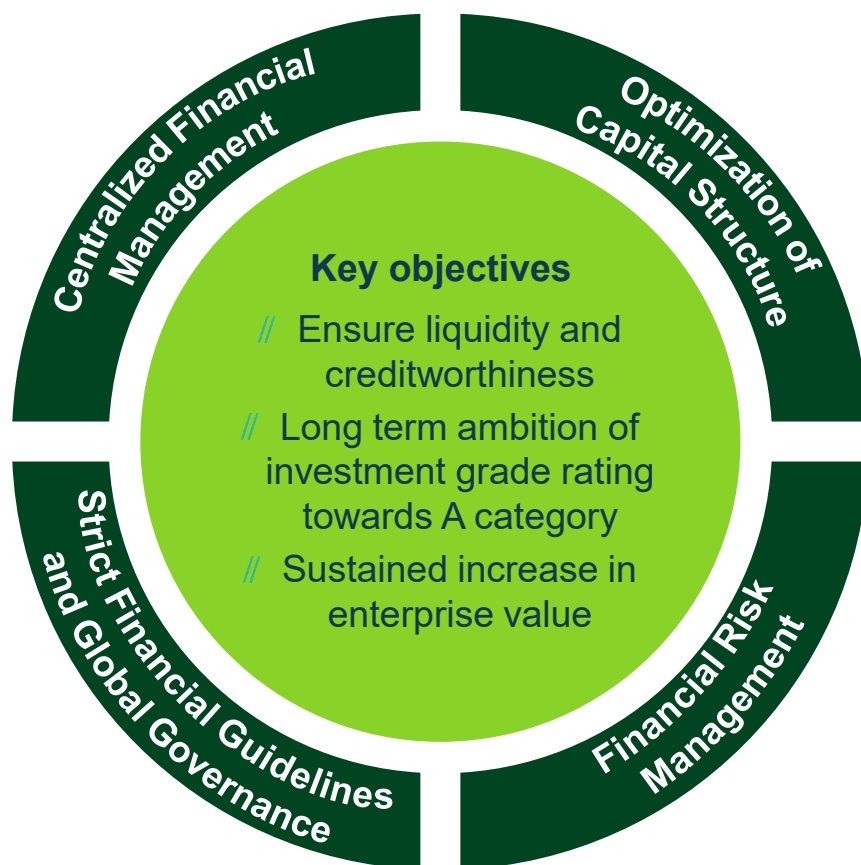
Limited Acquisitions

<sup>1</sup>Business Development & Licensing.





# Bayer Pursues a Conservative Financial Policy...



## Financing Instruments

// Syndicated credit facilities

// Global Commercial Paper program

// Senior bonds in different currencies

// Hybrid bonds

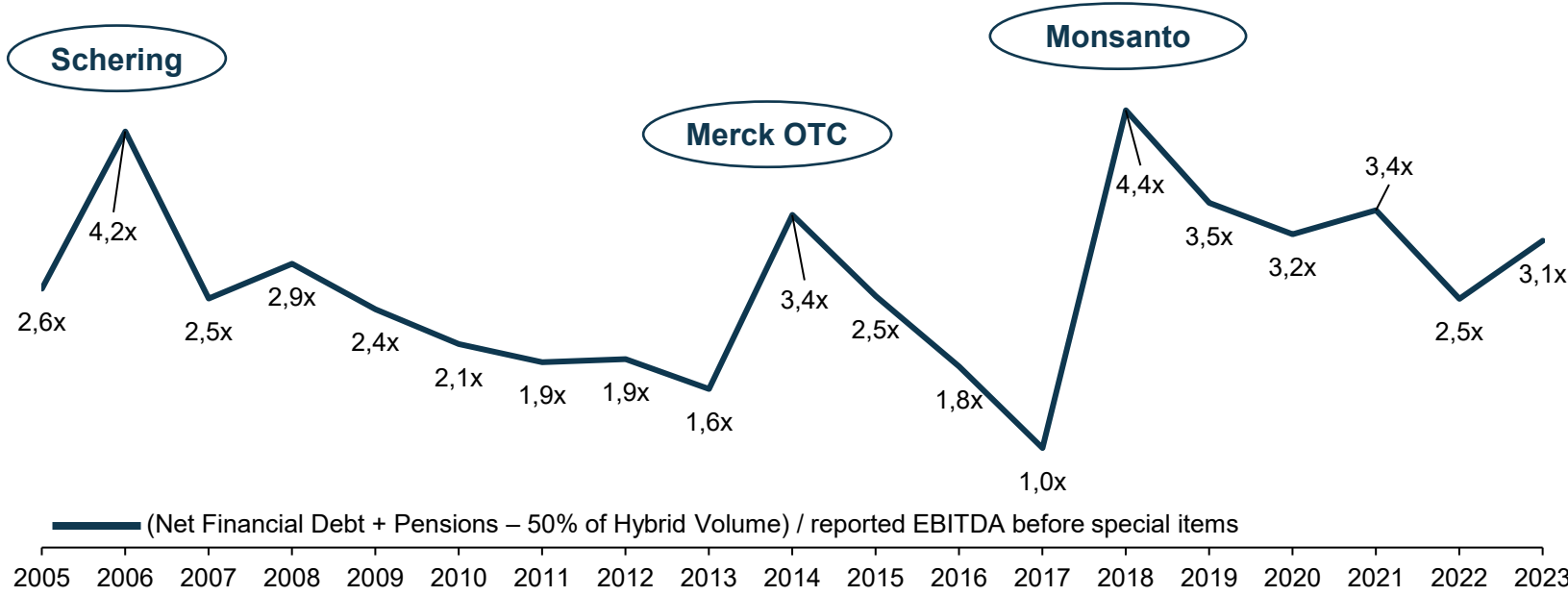
// Equity-linked instruments

**Prudent debt management with excellent access to diverse sources of liquidity**



# ... and is Ambitious to Improve Its current Investment Grade Ratings towards the "A" Category

## Development of Ratings and Leverage<sup>1</sup>



Proven track record of disciplined deleveraging

Agency	Long Term Rating over time				
S&P	A	BBB+	A-		BBB
Moody's	A3			Baa1	Baa2
Fitch <sup>2</sup>	BBB+		A-	A	A-   BBB+

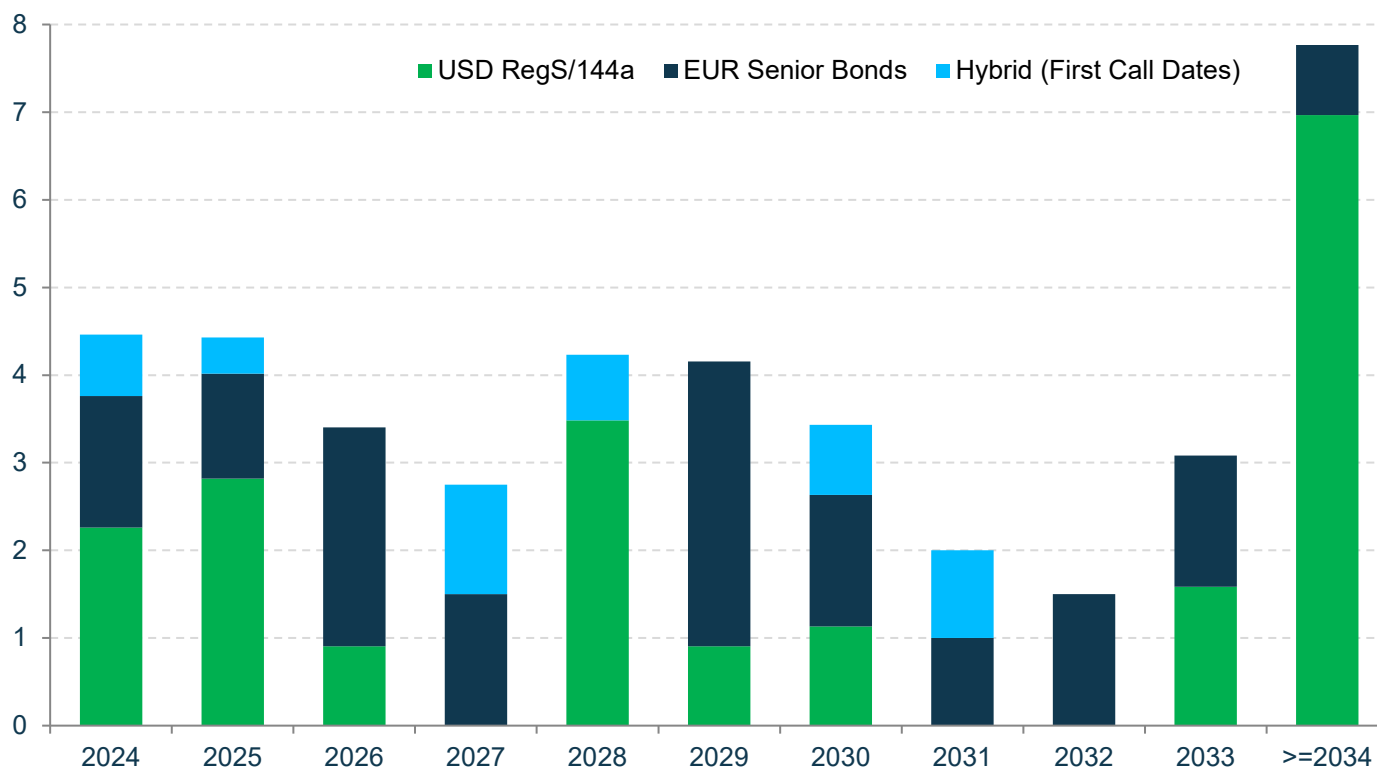
Agency	LT-Rating	Outlook	ST-Rating
S&P	BBB	Stable	A-2
Moody's	Baa2	Negative	P-2
Fitch	BBB	Stable	F2

<sup>1</sup> Figures as reported in the respective year's annual report without restatements  
<sup>2</sup> Solicited since 2018

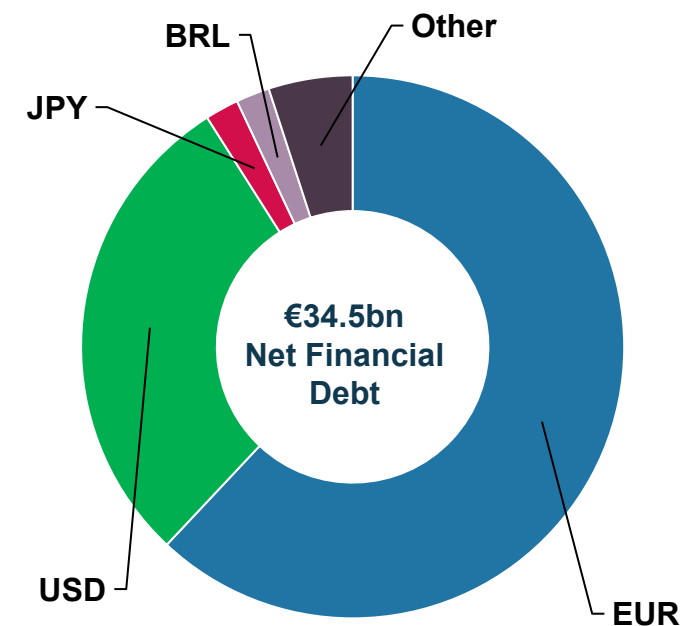


# Bayer's Maturity Profile is Well Balanced

**Bond Maturity Profile (€bn)**  
as of December 31, 2023<sup>1</sup>



**Currency Exposure incl. Derivatives**  
as of December 31, 2023<sup>2</sup>



<sup>1</sup> Converted at quarter-end FX rate EURUSD 1.11

<sup>2</sup> Based on quarter-end FX rates



# Overview of Bayer's Funding Structure

## Net Financial Debt<sup>1</sup>

	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2023
	€ million	€ million	€ million
Bonds and notes / promissory notes	37,593	36,602	40,852
of which hybrid bonds <sup>2</sup>	4,537	4,528	4,878
Liabilities to banks <sup>3</sup>	773	3,484	784
Lease Liabilities	1,165	1,234	1,238
Liabilities from derivatives <sup>4</sup>	69	190	217
Other financial liabilities	1,272	142	1,915
Receivables from derivatives <sup>4</sup>	(114)	(61)	(39)
<b>Financial debt</b>	<b>40,758</b>	<b>41,591</b>	<b>44,967</b>
Cash and cash equivalents	(4,564)	(5,171)	(5,907)
Current financial assets <sup>5</sup>	(3,057)	(4,611)	(4,562)
<b>Net financial debt</b>	<b>33,137</b>	<b>31,809</b>	<b>34,498</b>

## Nominal Volume of Major Instruments (bn)

as of December 31, 2023

Senior EUR Bonds	€16.3
Senior USD Bonds	\$22.2
Hybrid EUR Bonds	€4.9

Commercial Paper	€1.9
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Further undrawn Source of Liquidity: Syndicated Loan Facility	€4.5
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<sup>1</sup> For definition see Annual Report 2023, A 2.3 "Alternative Performance Measures Used by the Bayer Group."

<sup>2</sup> Classified as debt according to IFRS

<sup>3</sup> Including both financial and nonfinancial liabilities

<sup>4</sup> Including the market values of interest-rate and currency hedges of recorded transactions

<sup>5</sup> Including short-term receivables with maturities between 3 and 12 months outstanding from banks and other companies, financial investments in debt and equity instruments that were recorded as current on first-time recognition



# Short- and Long-Term Funding Programs

## Short-Term Funding: Commercial Paper Program

Commercial Paper (CP) is a short-term unsecured debt instrument. CP are normally issued at a discount and redeemed at nominal value. It is structured as a SEC regulation's section 4(a)(2) program so that there are no restrictions related to the use of proceeds.

Issuer	// Bayer AG, Germany // Bayer Corporation, USA
Guarantor	Bayer AG
Term	Between 1 and 364 days
Program Amount	€5bn or equivalent
Markets	U.S. market (USCP) and Euro market (ECP)
Dealer	// <u>ECP</u> : Barclays, Citigroup, Rabobank, Goldman Sachs, BNP, Credit Agricole // <u>USCP</u> : Barclays, Citigroup, J.P. Morgan, Wells Fargo, Bank of New York Mellon, Mitsubishi
Issue and Paying Agent	// <u>ECP</u> : Deutsche Bank // <u>USCP</u> : Deutsche bank

## Long-Term Funding: Debt Issuance Program

Under the Debt Issuance Program (DIP) Bayer may from time-to-time issue senior unsecured notes. The notes may be distributed by way of public or private placement and in each case on a syndicated or non-syndicated basis.

Issuer	// Bayer AG, Germany
Program Amount	€20bn
Term	12 months or more
Dealer	Deutsche Bank and further banks as dealer of the day
Arranger	Deutsche Bank
Paying Agent	Deutsche Bank
Listing	Regulated Market of Luxembourg Stock Exchange
Purpose	General Corporate Funding Purposes





# Back-up Revolving Credit Facility

## Syndicated Loan Facility

The multicurrency Syndicated Loan Facility can be used for general corporate purposes and is primarily a back-up line. Thus, it is not intended to be drawn in the course of ordinary business. The participating banks form Bayer's global banking group. Last renewed in December 2018, the credit facility was self-arranged.

Borrower	// Bayer AG, Germany // Bayer Corporation, USA
Total Amount	€4.5bn, thereof €1.5bn/\$1.5bn Swingline
Signing	December 2018, amended with an ESG feature in July 2021
Initial Tenor	5Y + two 1Y extension options (second extension option also used)
Syndicate Size	23 Banks
Purpose	General Corporate Purposes

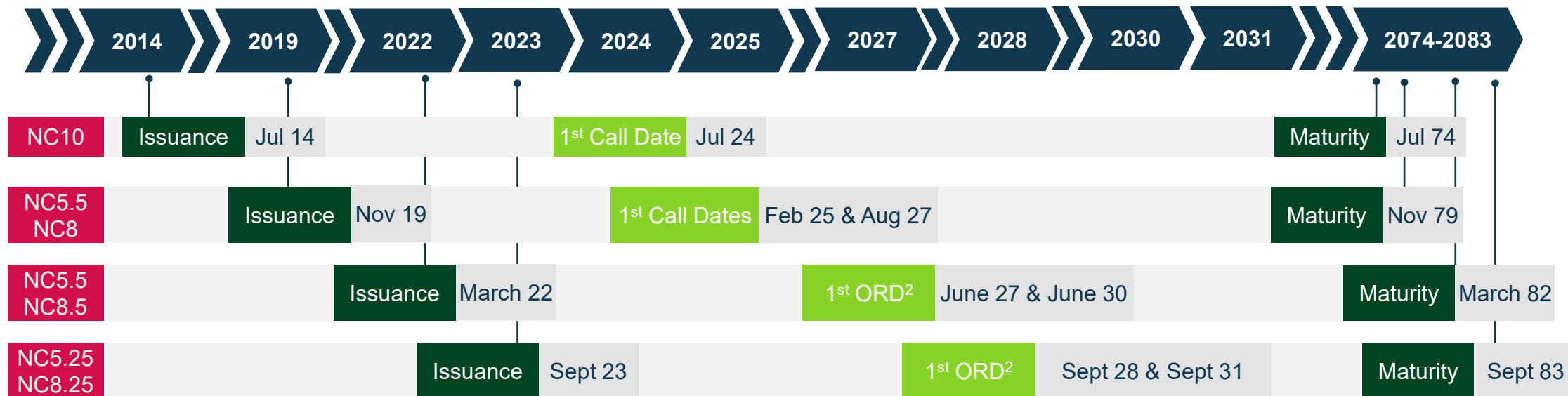


# Main Issuing Entities at Bayer Group





# Hybrid Bonds at Bayer



Hybrid Bond	Coupon ( in%)	Outstanding Volume (in bn €)	Initial Credit Spread	1st Step-Up	2nd Step-Up
NC10	3.75	0.7	230 bps spread + 5Y Swap <sup>1</sup>	+25 bps/Jul 24	+75 bps/Jul 44
NC5.5	2.375	0.4	264.7 bps spread + 5Y Swap <sup>1</sup>	+25 bps/May 30	+75 bps/May 45
NC8	3.125	0.75	310.8 bps spread + 5Y Swap <sup>1</sup>	+25 bps/Nov 32	+75 bps/Nov 47
NC5.5	4.5	0.5	375.1 bps spread + 5Y Swap <sup>1</sup>	+25 bps/Sept 32	+75 bps/Sept 47
NC8.5	5.375	0.8	445.8 bps spread + 5Y Swap <sup>1</sup>	+25 bps/Sept 35	+75 bps/Sept 50
NC5.25	6.625	0.8	343.2 bps spread + 5Y Swap <sup>1</sup>	+25 bps/Dec 33	+75 bps/Dec 48
NC8.25	7	1.0	389.6 bps spread + 5Y Swap <sup>1</sup>	+25 bps/Dec 36	+75 bps/Dec 51

<sup>1</sup> Swap is reset every fifth year starting with the first reset date

<sup>2</sup> Optional Redemption Date



# Upcoming Events 2024

Date	Event/ Publication
Tuesday, March 05, 2024	FY/Q4 2023 Results / Annual Report & Capital Markets Day 2024
Friday, April 26, 2024	Annual Stockholders' Meeting 2024
Tuesday, May 14, 2024	Q1 2024 Results / Quarterly Statement
Tuesday, August 6, 2024	Q2 2024 Results / Half-Year Report

Please note that the event calendar might be subject to changes



# Contacts at Bayer

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